

## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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SECURITY INFORMATION

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(FOR KEY SEE REVERSE)

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1. Production

Machine tools in Hungary are produced by the following factories:

Names of Factories	Location	Yearly Production
Rákosi Matyás Machine Tool Works	Budapest (Csepel)	160-180 Turret lathes 480-540 Universal milling machines 300-360 Large radial drilling machines 240-300 Medium radial drilling machines 240-300 Heavy plate cutting shears ? Milling machines for special purposes (Personnel 2,100-2,200)
Metal Goods and Machine Tool Factory (Femaru és Szerszámgepgyár)	Budapest	300 Turret lathes 360 1000 mm. lathes (Personnel 350-400)
Esztergomi Machine Tool Factory (Esztergomi Szerszámgepgyár)	Esztergom	140-180 Planing machines (500 mm.) 140-180 Lathes (1,000 mm.) (Personnel 400)

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25 YEAR RE-REVIEW

STATE	X	ARMY	X	NAVY	X	AIR	X	FBI		AEC		ORR	EY	X	
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Diosgyör Machine Factory (Diosgyör Gépgyár)	Diösgyör	30 Heavy lathes (2,000-2,500 mm.) 12-24 Special purpose heavy machine tools
Kőbanya Machine Tool Factory (Kőbanya Szerszámgepgyár)	Budapest	Lathes of a light design (Personnel 400-450)
Nagymaros Tools Factory (Nagymaros Gépgyár)	Nagymaros	(Personnel 100-125)

2. Destination of Products.

- a. About 50% of the machine tools produced are destined for export and the rest for internal use. Some types are for export exclusively.
- b. Of the exported machine tools about half are destined to the USSR. Other destinations are mainly the Satellite countries and, for some types, Western European consignees.

3. Imports.

- a. Hungary is short of the following types of machine tools which she can obtain only by importing:
  - (1) Long lathes (12 m. and above),
  - (2) Planing machines (15 m. and above),
  - (3) Tooth cutting machines (none are produced in Hungary),
  - (4) Tooth grinding machines (none are produced in Hungary),
  - (5) Circular polishing machines (none are produced in Hungary),
  - (6) High efficiency milling machines.

## b. These are imported sporadically

Hungary is finding it difficult to obtain imports, partly as a result of a lack of hard currency and partly because of Western controls. (For instance, a precision lathe for turning rotating parts of electro-generators has been on order in Switzerland since 1948 and is still undelivered).

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- c. From the USSR very few machine tools are imported, and those that are, do not include precision machine tools. Approaches have frequently been made to the USSR for supply of vital Hungarian deficiencies but excuses are always made, the main one being that all production is according to Five-Year-Plan and that allowance has not been made in the current plan for the satisfaction of isolated requests for individual machine tools. Why these requests should not be incorporated in Five-Year-Plan Schedule is left unexplained. Very large equipment, simple in nature and not important in application is occasionally supplied for propaganda purposes to Hungary, to impress the ordinary man-in-the-street. The complex or special purpose machine tools really needed by Hungary, which would be "hidden away" in factories are not supplied. It is doubtful whether the USSR would be able to supply all those required even if it wished to do so. Trade is very much the other way, the USSR taking 25% of Hungary's production, including all the large, heavy cutting tools.

4. Plans and Projects.

- a. The Rákosi Mátyás Machine Tool Works is planned to increase its capacity by about 100%. The building of new shops has been under way for some time.
- b. The general plans for the industry are directed by Moscow through the medium of the International Organization for Mutual Economic Aid, Engineering Division, Machine Tool Section. (Nemzetközi Gazdasági Kapcsolatok, or NGK).<sup>1</sup>

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- c. This organization has worked out plans for East Germany, Czechoslovakia, Poland, Hungary and Rumania, by which each of these countries is allotted tasks which complement those of the others. Meetings were held in May 1953 in Prague, Budapest and Warsaw. (The Hungarian delegation for machine tools was under the leadership of Dr. Ferenc Lettner who is subordinated to Imre Karcag, leader of the Hungarian branch of the International Organization for Mutual Economic Aid).
- d. The plans under discussion extend to the year 1960. They lay down for each country the production quotas, the types, the quantities that have to be exported and to where, the introduction of new types of machine tools, the expansion of plants and the erection of new plants. Final plans have not yet been approved, and it is open to question to what extent consultations between delegations of Satellite countries have any true significance, and whether all vital decisions are not laid down ultimately by Moscow.
- e. It is considered that plans, as currently envisaged, will not be fulfilled because of the recent slowing down of investment programs for heavy industries.
- f. The following countries participate fully in NGK:<sup>1</sup>
  - Czechoslovakia, Hungary, Poland and Rumania.

The USSR is not an official participant but sends "an observer" to meetings.
- g. Plans for specialization in the production of particular types of machine tools by certain countries have been drawn up. These are very generally as follows:
  - (1) Czechoslovakia to specialize in very heavy and automatic machine tools;
  - (2) Hungary would make medium machine tools;
  - (3) Poland's plan is not known.
  - (4) Rumania to make an insignificant contribution to this plan since she has not a developed machine tool industry.
- h. The above plans were formulated by the four above-mentioned countries in the light of "suggestions" by the USSR and by virtue of subsequent "instructions" which they each received to concentrate on the production of certain types.
- i. The Satellite countries co-operate in the design and development of certain machine tools. (For example a 5,000 tons hot-press for railroad wheels and boiler walls, to the design and development of which Czechoslovakia, Eastern Germany and Hungary all contributed).
- j. Eastern Germany is in a special relationship with the USSR. Although not represented in NGK, it receives instructions resulting from the latter's deliberation: The degree of direct control of the USSR is greater with respect to Eastern Germany than to any other Satellite, and in a sense the industrial collaboration between the two is correspondingly more intimate.

5. Administration.

The Directorate for the Machine Industry in the Ministry of Metallurgy and Machine Industries governs the production of all machine tools, small tools, engines and conveyor-belt machinery; the factories are subject to this Directorate. The only exception to this is the Rákosi Mátyás Machine-Tool plant which is administered directly by the Rákosi Mátyás Trust.

6. The Hungarian Abrasives Industry.

- a. The only known Hungarian producers of abrasives are:

- (1) Solus Grinding Wheel Factory (Csíszoldkoronggyár) Liget utca 11, Budapest X. Produces grinding wheels of corundum. Abrasive papers are also produced.

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(2) Grinding Wheel and Iron Frameworks Factory (Csiszolokorong es Vasszerkezet-  
gyar). Office: Csurgoi ut 28, Budapest XI; production at Albert utca 10,  
Budapest XIX. Wheels and abrasive papers are produced.

b. Abrasive linen of good quality is imported from Czechoslovakia.

c. Imports of grinding wheels are obtained where possible on the black market.  
They consist mainly of spasmodic imports via Austria.

7. Tool Tips Production.

a. Tool tips of "vidia" or cobalt powder are produced by Kőbanya Foundry for Iron  
and Steel (Kőbanya Vas Es Acél Öntöde or KÖVAC).

b. The cobalt powder was formerly obtained from Yugoslavia but is now imported  
from the USSR.

c. This plant also produces acid resisting steels and is the sole source in  
Hungary of magnetic steel for instruments.

1. [ ] Comments. Presumably [ ] referring to the organization 25X1  
commonly known in the West as the Council of Economic Mutual Assistance (CEMA). 25X1

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